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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

BY HAND DELIVERY

Ms. Magalie Román Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: Merger of Qwest Communications International Inc. and U S WEST, Inc.
Redaction of Applications for Transfer of Control

Dear Ms. Salas:

Qwest Communications International Inc. ("Qwest") and U S WEST, Inc. ("U S WEST," and together with Qwest, the "Applicants") hereby enclose for filing an original and four copies of a redacted version of the second Schedule A, Response (3) of the FCC Form 602 (Ownership Disclosure Information) filed as part of the Applications for Transfer of Control filed on August 19, 1999. The Applicants file this version and make it available for public inspection for the sole purpose of redacting an individual's social security number.

In filing this redacted version for public inspection, the Applicants request (1) confidential treatment of the materials submitted on August 19, 1999, consistent with Sections 0.457 and 0.459 of the Commission's rules, 47 C.F.R. §§ 0.457, 0.459, and (2) to the extent required, the substitution of the enclosed redacted Applications for the version filed on August 19, 1999. Such protection is warranted under the Freedom of Information Act in this instance because an individual's social security identification number is not routinely available for public inspection, and because its disclosure would invade personal privacy. 47 C.F.R. § 0.457; 5 U.S.C. § 552(b)(4).

Please date stamp and return with our messenger the additional copy of this filing. If you have any questions regarding this filing, please do not hesitate to contact the undersigned.

Respectfully submitted,

HOGAN & HARTSON L.L.P.

By: ______________________
Mace J. Rosenstein

Encls.

cc: William F. Caton, Deputy Secretary, Office of Managing Director

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)
	)
Merger of Qwest Communications	)
International Inc. and	)
U S WEST, Inc.	)

APPLICATIONS FOR TRANSFER OF CONTROL

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Dated: August 19, 1999

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APPLICATIONS

By these Applications, Qwest Communications International Inc. ("Qwest") and U S WEST, Inc. ("U S WEST," and together with Qwest, the "Applicants") seek authority of the Federal Communications Commission ("FCC" or the "Commission") for the transfer of control of licensees affected by the proposed merger of their two companies. The Applications are filed pursuant to Sections 214 and 310 of the Communications Act of 1934, as amended, 1/ and the Submarine Cable Act 2/ to transfer control of various subsidiaries of U S WEST and Qwest that hold Section 310 radio authorizations, Section 214 authorizations and a submarine cable landing license. 3/ In all cases, the legal standard to be applied to the

1/ 47 U.S.C. §§ 214, 310.

2/ An Act Related to the Landing and Operating of Submarine Cables in the United States, codified at 47 U.S.C. §§ 34-39 ("Submarine Cable Act").

3/ The Section 310 applications are filed pursuant to 47 C.F.R. §§ 5.5, 5.55, 22.137, 24.439(b)(2), 90.153, 101.53. The Section 214 applications are filed pursuant to 47 C.F.R. §§ 63.01, 63.18(e)(3). Authority to transfer control of the submarine cable landing license is sought pursuant to 47 U.S.C. §§ 34-39 and 47 C.F.R. § 1.767.

Applications by the Commission is whether the public interest, convenience and necessity will be served by the proposed transfer of control.

I. INTRODUCTION

The merger of Qwest and U S WEST is clearly in the public interest and should be approved without delay. This combination of a competitive carrier and an RBOC brings together two companies with no material overlaps in services. Their complementary assets and skill sets will create a stronger company that is better positioned to serve the public in the years to come. The merged company's vision and goal is to become the leading provider of broadband and other advanced services as the Internet revolutionizes communications in this country and around the world. Qwest and U S WEST are determined to play a central role in this revolution.

Importantly, the merger will position the combined company to be a stronger competitor as it faces other larger companies formed by mergers that the Commission already has approved or that are now under consideration. For example, the Commission has allowed the combination of SBC, Pacific Telesis and SNET, and is considering the further combination of these companies with Ameritech. It has allowed the merger of Bell Atlantic and NYNEX, and has been asked to approve the further addition of GTE to this company. The Commission has blessed the combinations of AT&T, Teleport and TCI, and now has before it a further consolidation of AT&T's position in the cable industry through its acquisition of MediaOne.

These and other firms, including MCI WorldCom and the Sprint-United companies, are the competitors that the post-merger Qwest will face. The merged company will engage them outside the U S WEST region, where Qwest already is active. Furthermore, competition is growing rapidly in the U S WEST region itself, particularly in major metropolitan areas. The Applicants look forward to more competition and are determined to build a world-class company that can respond to the larger combinations the Commission already has approved and those which are pending approval.

This merger is fundamentally different from the ILEC-ILEC mergers the Commission has approved elsewhere, and raises none of the competitive issues they present. The merger will not add to U S WEST's share of the access lines in this country. Quite the contrary, the post-merger Qwest will have powerful new incentives to satisfy the requirements of Section 271 in the U S WEST region so that the promise of the merger can be fulfilled. The parties believe so strongly in that vision that Qwest is willing to take the difficult step of divesting all of its in-region interLATA services prior to the merger closing. But Qwest does so only with the determination to see the merged company then obtain interLATA relief at the earliest possible date, and the resolve to take actions in concert with regulatory authorities to make this happen.

Qwest and U S WEST hope that competitors will not try to use the regulatory process to delay their ability to build this new Qwest, but in any event the Applicants ask the Commission to resist such attempts. The sooner this merger can occur, the sooner the public will begin to experience the benefits of this unique combination. These matters are discussed further below. 4/

4/ The Applicants respectively request that the grant of the transfer of control applications include authority for the combined company to acquire control of:

(1) any authorization issued to Qwest or U S WEST or their subsidiaries during the pendency of the Commission's consideration of the transfer of control applications or during the period required for consummation of the transfer following approval;
(2) construction permits held by such licensees that mature into licenses after closing and that may have been omitted from the transfer of control applications; and
(3) applications that will have been filed by such licensees and that are pending at the time of consummation of the proposed transfer.

Such action would be consistent with prior decisions of the Commission. *See Applications of PacifiCorp Holdings, Inc. and Century Telephone Enterprises, Inc.*, 13 FCC Rcd 8891, 8915-16 (1997); *Applications of Pacific Telesis Group and SBC Communications, Inc.*, 12 FCC Rcd 2624, 2665 (1997); *Applications of Craig O. McCaw and American Telephone and Telegraph Co.*, 9 FCC Rcd 5836, 5909 n.300 (1994).

In addition, pursuant to Sections 22.123(a), 24.423(c), 90.131(a) and 101.29(c)(4) of the Commission's Rules, the Applicants request a blanket exemption from any applicable cut-off rules in cases where Qwest, U S WEST or their subsidiaries file amendments to pending Part 22, Part 24, Part 90, Part 101 or other applications to reflect the consummation of the proposed transfer of control. The exemption is requested so that amendments to pending applications reporting the change in ownership would not be treated as major amendments requiring a second public notice period. The overarching scope of the transaction between Qwest and U S WEST demonstrates that any ownership changes that result with respect to any particular pending application are part of a larger merger undertaken for a legitimate business purpose. Grant of an exemption from the cut-off rules would be consistent with previous Commission decisions routinely granting a blanket exemption in cases involving large transactions. *See, e.g., Applications of PacifiCorp Holdings, Inc. and Century Telephone Enterprises, Inc.*, 13 FCC Rcd at 8915; *Applications of Craig O. McCaw and American Telephone and Telegraph Co.*, 9 FCC Rcd at 5909 n.300 (1994); *Applications of Centel Corporation and Sprint Corporation*, 8 FCC Rcd 1829, 1833 (1993).

II. THE APPLICANTS

A. Qwest

Qwest is a Delaware corporation with its principal office and place of business located at 555 Seventeenth Street, Denver, Colorado 80202. The company is publicly traded on the NASDAQ stock exchange under the symbol "QWST."

Qwest's subsidiaries, Qwest Communications Corporation ("Qwest Communications"), LCI International Telecom Corp. ("LCI") and USLD Communications, Inc. ("USLD"), operate as non-dominant carriers providing interstate and international telecommunications services pursuant to authority granted under Section 214 of the Act. 5/ Qwest Communications holds a submarine cable landing license issued pursuant to the Submarine Cable Act. Qwest Communications, LCI and another wholly-owned Qwest subsidiary, Qwest Transmission Inc., also hold certain microwave radio licenses issued pursuant to Title III of the Act. 6/

Directly or indirectly through these subsidiaries, Qwest provides facilities-based multimedia communications services. Qwest subsidiaries provide

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5/ *See* Tab 3, Applications for Consent to Transfer Control of Domestic and International Section 214 Authorizations and Application to Transfer Control of a Submarine Cable Landing License.

6/ *See* Tab 4, Applications for Consent to Transfer Control of Private Operational Fixed and Common Carrier Point-to-Point Microwave Authorizations. Qwest Communications, LCI, USLD and another Qwest subsidiary, Phoenix Network, Inc., also hold authority or have applications pending to provide intrastate interexchange telecommunications services and competitive local exchange and exchange access services in multiple states.

Internet Protocol-enabled services such as Internet access, web hosting, colocation and remote access. They also provide a full range of voice, data, video and related services to businesses, government agencies and consumers. Qwest's communications services businesses also provide high-volume voice and conventional private line services to other communications providers, as well as to Internet service providers and other data services companies.

In addition, Qwest's construction services business recently has completed construction of the Qwest Network, a nationwide interexchange fiber optic network built with the industry's most advanced technologies. It offers 10 gigabit, OC-192 speed and is constructed on a "self-healing" SONET ring with 2.4 gigabit (OC-48) Internet Protocol architecture. The Qwest Network reaches 18,500 miles and connects to 150 cities across the United States. An additional 315 miles will be added by the end of 1999. The Network also extends 1,400 miles into Mexico. Qwest also is part owner of the newest digital Atlantic Ocean cable, TAT 14, providing connectivity to Europe. There the company has joined with KPN, the Dutch Telecommunications Company, in a joint venture, KPNQwest, that is building an 8,100 mile European network that will connect 39 cities. In the Asia Pacific region, Qwest is part of a consortium building a 13,125-mile cable from California to Japan and the Pacific Rim. That route will be completed in the second quarter of the year 2000. In addition, directly and indirectly through wholly-owned subsidiaries, Qwest constructs, sells and in some cases maintains fiber optic communications systems for other telecommunications companies.

B. U S WEST

U S WEST is a Delaware corporation with its principal office and place of business at 1801 California Street, Denver, Colorado 80202. U S WEST's subsidiaries, U S WEST Communications, Inc. and U S WEST Long Distance, Inc., a non-dominant carrier, provide interstate and international telecommunications services pursuant to authority under Section 214 of the Act. 7/ U S WEST Communications, Inc., and several additional U S WEST subsidiaries, U S WEST Wireless, LLC, U S WEST Business Resources, Inc., and U S WEST Interprise America, Inc., also hold microwave, rural radio, PCS, business radio, telephone maintenance radio, experimental, and local multipoint distribution service radio licenses issued pursuant to Section 310 of the Act. 8/

Directly, and indirectly through these subsidiaries, U S WEST provides integrated communications services to approximately 25 million customers nationally and in 14 western and midwestern states. The company's primary products and services include local telephone services; long distance services within specified calling areas; operator services; enhanced services; high-speed data

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7/ *See* Tab 3, Applications for Consent to Transfer Control of Domestic and International Section 214 Authorizations and Application to Transfer Control of a Submarine Cable Landing License.

8/ *See* Tab 5, Applications for Consent to Transfer Control of Private Operational Fixed Microwave, Common Carrier Point-to-Point Microwave, Rural Radio, PCS, Business Radio, Telephone Maintenance Radio, Experimental and Local Multipoint Distribution Service Radio Authorizations. U S WEST Long Distance, Inc. and U S WEST Interprise America, Inc. also hold authority in multiple states to provide intrastate interexchange telecommunications services and competitive local exchange and exchange access services.

networking, including Internet access and DSL services; broadband PCS; print and electronic directories; and video services in limited markets.

U S WEST has been an innovator in many of these areas. For example, U S WEST is a leader in deployment of advanced DSL technologies. The company's Internet access service now has well over 100,000 subscribers, and the company is beginning to layer the access and high-speed offerings with vertical features such as site-blocking, virus protection, and privacy features. In 1998, U S WEST Wireless, LLC signed up approximately 185,000 subscribers to its innovative one-number PCS service. The two percent penetration achieved by U S WEST Wireless, LLC is among the best for a first-year provider. And U S WEST Dex, the company's directory publishing and Internet Yellow Pages business, is building an electronic-commerce platform which it expects to be a multi-billion dollar business shortly after the turn of the century.

III. DESCRIPTION OF THE TRANSACTION

On July 18, 1999, Qwest and U S WEST entered into an Agreement and Plan of Merger (the "Merger Agreement") 9/ providing for the merger of the two companies. The boards of directors of Qwest and U S WEST have approved the Merger Agreement. The proposed merger remains subject to approval by the shareholders of Qwest and U S WEST and to receipt of all requisite regulatory

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9/ *See* Tab 1, Agreement and Plan of Merger.

approvals, including any required by the Department of Justice and the Commission.

Under the terms of the Merger Agreement, upon closing, U S WEST will be merged with and into Qwest with Qwest continuing as the surviving corporation. 10/ The direct and indirect wholly-owned subsidiaries of Qwest and U S WEST that hold Section 214 authorizations, a cable landing license and Title III radio authorizations will survive as direct or indirect wholly-owned subsidiaries of Qwest. 11/ Qwest will be headquartered at 1801 California Street, Denver, Colorado 80202.

In order to effectuate the merger, Qwest will issue shares of its common stock having a value of $69.00 for each share of U S WEST common stock, subject to a "collar" on Qwest's average stock price between $28.26 and $39.90 per share. The number of Qwest shares to be exchanged for each U S WEST share will be determined by dividing $69.00 by a 15-day weighted average of trading prices for Qwest common stock over a 30-day measurement period ending three days prior to closing, but will not be less than 1.72932 shares (if Qwest's average stock price exceeds $39.90 per share) or more than 2.44161 shares (if Qwest's average stock price is less than $28.26 per share). If the average price of Qwest stock is less than

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10/ Tab 2 contains the FCC Form 602 (Ownership Disclosure Information) for the surviving corporation.

11/ The merger does not involve the assignment of either of Qwest's or U S WEST's authorizations or licenses, or any change in their respective operating subsidiaries that hold such authorizations or licenses, and the same companies will continue to provide service to the public.

$38.70 per share, Qwest may elect to pay a portion of the merger consideration in cash rather than stock.

Upon consummation of the merger, Philip F. Anschutz, currently the Chairman of the Board of Qwest, will become the Non-Executive Chairman of Qwest. Joseph P. Nacchio, currently Chairman and Chief Executive Officer of Qwest, will continue as Chairman and Chief Executive Officer of Qwest, and Solomon D. Trujillo, currently Chairman, President and Chief Executive Officer of U S WEST, will be a Chairman of Qwest and President of the broadband local and wireless business of Qwest. The initial Board of Directors of Qwest following consummation of the merger will consist of 14 members including Messrs. Anschutz, Nacchio and Trujillo, with a total of seven members to be designated by each of Qwest and U S WEST. Additionally, Qwest and U S WEST designees on the Board of Directors will be represented equally on all Board committees.

After the effective time of the merger, Qwest also will establish an Office of the Chairman whose members will be Messrs. Anschutz, Nacchio and Trujillo. The Office of the Chairman will act by majority vote and will have the exclusive power and final authority with respect to enumerated corporate actions, including, among others, material acquisitions and dispositions, the allocation of capital resources, termination of certain senior executive officers and the setting of general corporate strategy. Any member of the Office of the Chairman will have the right to bring any decision of the Office of the Chairman to the Qwest Board for its consideration.

The members of the Office of the Chairman also will jointly appoint certain enumerated executive positions in Qwest. For a period of one year following closing, the twenty most senior policy-making executives of Qwest will be drawn in substantially equal numbers from among the officers of Qwest and U S WEST, and each company will be proportionally represented at each level of senior management. The post-merger Qwest will be led by a highly qualified team of management personnel drawn from the existing management of Qwest and U S WEST, creating a management team with extensive experience in the telecommunications industry.

In order to comply with the Telecommunications Act of 1996 as of closing, Qwest plans to discontinue providing the interLATA services it currently offers in U S WEST's 14-state region. These services will be divested under separate agreements. Qwest is in the process of identifying affected services and making arrangements for third party carriers to assume those service obligations. Meanwhile, as shown below, the combined resources of Qwest and U S WEST will facilitate the delivery of advanced services to both existing and new customers of the combined company's operating subsidiaries.

IV. THE PROPOSED MERGER IS IN THE PUBLIC INTEREST

The merger of Qwest and U S WEST is clearly in the public interest. The two companies offer different services and have different core capabilities. No significant competitive issues are raised by the combination of these two companies, and no Section 271 issues are presented. Quite the contrary, the merger will create a stronger company better able to fulfill its shared vision of becoming the preeminent provider of advanced broadband and other services in the new telecommunications world that is upon us. Furthermore, the post-merger Qwest will be in a better position to compete against the larger combinations that the Commission has approved or is now considering, including SBC-Pacific Telesis-SNET-Ameritech, Bell Atlantic-NYNEX-GTE, AT&T-Teleport-TCI-MediaOne, and WorldCom-MCI-MFS-Brooks.

A. No Adverse Competitive Impact

Unlike other mergers, such as those involving the combination of two large ILECs, the combination of Qwest and U S WEST presents no material competitive issues. The merger does not have any significant horizontal aspects. First of all, no material overlap exists between Qwest and U S WEST outside the U S WEST region. Qwest is a nondominant interexchange carrier with the large majority of its operations outside the U S WEST region. This is partly reflective of Qwest's focus as a national service provider, symbolized best by its 18,500 mile high capacity fiber network. It also is a consequence of the fact that Qwest's retail marketing activities were built primarily on the operations of LCI, a long distance company acquired in 1998 whose operations primarily were located in the eastern United States and Texas. U S WEST, meanwhile, has not engaged in significant activity outside its 14 state service area. U S WEST only provides frame relay and other data services, and only in a limited number of locations to a limited number of customers.

Inside the U S WEST region, Qwest's services are almost entirely limited to the interLATA interexchange offerings that, as discussed below, are to be divested prior to the merger closing. Qwest has provided a limited quantity of resold local services in the U S WEST region, but for some time has been in the process of exiting this business line. Separately, Qwest recently began providing DSL services in a number of United States markets, including Seattle, and has announced plans to roll out DSL service to several additional markets in the U S WEST region by the end of the year, at least initially over other carriers' facilities. Qwest also provides a minimal amount of intraLATA toll service and offers Internet access and other Internet-based services in the U S WEST region. Qwest does not have material local facilities-based activity in the U S WEST region. In contrast, other competitive carriers have been very active in expansion into the local market in the U S WEST region.

Thus, the combination of Qwest and U S WEST will have no impact on the out-of-region market given the number and size of competitive suppliers. Nor will it have any material effect on in-region competition. To the contrary, it will combine two complementary companies to strengthen competitive choice for consumers.

B. No Section 271 Issues

Approval of this merger also is simplified by the fact that Qwest is committed to divest all of its services that otherwise would violate Section 271. As of closing, Qwest will not be providing any RBOC-prohibited in-region interLATA services. Qwest will transfer all presubscribed retail customers in the U S WEST region to another carrier or carriers. Qwest is familiar with the standard processes for the transfer of long distance customers from one non-dominant carrier to another. It will comply with applicable requirements in this area, and ensure that customers experience no service disruption or other adverse impact. Qwest will discontinue providing other in-region interLATA services, including in-region calling card services and prohibited 800 and private line services. Qwest also will reconfigure other services, such as Internet access, web hosting and similar activities, to comply with the interLATA restrictions of Section 271.

In short, Qwest's divestiture activities will be comprehensive, reaching all prohibited activity and including both retail and wholesale accounts. Internal work on this divestiture process already is underway within Qwest. The Applicants are committed that as of closing, Qwest will not be providing in-region interLATA telecommunications or information services prohibited by the Telecommunications Act.

C. Substantial Public Interest Benefits

Qwest's divestiture commitment is an extraordinary demonstration of its belief in the long-term benefits that the public will derive from this merger. Qwest is willing to give up its in-region interLATA services as an investment in the future -- a future in which a new company with extensive capabilities in data and advanced services will be able to offer better services at lower prices to consumers in the 14 U S WEST states, across the country, and around the world. Qwest is willing to make this short-term sacrifice in order to build the foundation for a new company better positioned to compete with the larger firms created in the ILEC-ILEC and AT&T-cable mergers already approved or under consideration by the Commission.

The public benefits of this merger are abundantly clear:

More advanced services. First, Qwest and U S WEST share a common vision of an interconnected broadband world, and a determination to bring that world to the public. This merger permits the combination of complementary assets and capabilities that can be used to accelerate the rollout of such services. For example, Qwest has a nationwide, state-of-the-art fiber optic network connecting key cities across the United States. The network is equipped to handle large quantities of high capacity traffic. Qwest also has capacity on submarine cables and is developing a fiber optic network in Europe through its joint venture with KPN. The opportunities to use this network of facilities promise to increase dramatically in light of such factors as the convergence of formerly distinct services and technologies due to digitalization, the rising volume of data traffic, and the ever-growing importance of the Internet. These assets help drive Qwest's determination to advance a world in which broadband intercity facilities are linked to broadband local networks.

U S WEST, in turn, has been a leader in the deployment of DSL technology to provide customers with high-speed data connectivity: U S WEST has rolled out DSL in 40 in-region cities and currently serves about 40 percent of all

DSL customers nationwide. U S WEST has deployed 550 data switches — approximately 420 frame relay and 130 ATM. U S WEST also has extensive experience in associated retail-related functions such as billing and customer support.

The combination of these assets and experience will lead to faster DSL deployment both in the U S WEST region and across the country. More generally, the post-merger Qwest will be highly focused on expanding connectivity to its high capacity national network, and empowering customers to take advantage of the new services made possible by this capacity, and related new data and Internet technologies.

More Competition. Second, merger of Qwest and U S WEST will create a new company better situated to compete against the ILEC-ILEC and AT&T-Cable combinations that the Commission has approved already, and will increase the ability of Qwest to take on the likes of SBC-Ameritech and Bell Atlantic-GTE on their home turf. Of course, this transaction is fundamentally different from those mergers because here there is no increase in the concentration of access lines under one company's control. All the more reason that this merger should be approved quickly, so that the post-closing Qwest can bring to bear U S WEST's expertise to compete in these and other ILEC territories.

Similarly, the combination of U S WEST's DSL experience and the network and technological skills of Qwest will create a strong counterforce to the increasing strength of AT&T and its cable interests in the broadband market.

Qwest and U S WEST have expressed elsewhere their views regarding the competitive dangers presented by those combinations. For present purposes, however, it should be clear that the public will be well served by this merger, which sets the foundation for an important alternative to cable in markets across the country.

More incentives to satisfy Section 271. This is not the place to debate the specifics of Section 271 requirements or similar U S WEST-specific matters. Those issues belong in other proceedings.

That said, the Commission should not ignore the strong new incentives that the merger creates for a post-merger Qwest to meet the Section 271 criteria as soon as possible. Upon closing, the combined company will be a different company. The entire rationale of this transaction depends upon interLATA relief. From the perspective of Qwest, there will be very strong incentives to reenter the in-region market quickly, driven by the combined company's continuing out-of-region interLATA business and its national network. U S WEST, meanwhile, will expand its perspective to add a national focus to its existing local focus, as it looks to export its expertise into out-of-region markets in competition with other ILECs. Indeed, the merged company's business objectives depend on its ability to obtain timely Section 271 relief.

This is another example of why this transaction is different from ILEC-ILEC mergers, and why the public would benefit from rapid approval and closing of the transaction. Because there is no increase in the aggregate number of local subscribers under one company, no one could rationally argue that the combined company would have less incentive to facilitate local competition than U S WEST does today. Instead, for the reasons noted above, those incentives will be powerfully enhanced.

More generally, the merged company will have a broad interest in development of local exchange competition at the national level given the preexisting base of Qwest business outside the U S WEST region, and the company's overall objective to promote use of the Qwest national network and U S WEST DSL expertise in other markets. These incentives also will promote increased competition, to the benefit of all consumers.

V. THE MERGER SHOULD BE APPROVED WITHOUT DELAY

For the foregoing reasons, this transaction is clearly in the public interest. The merger represents an investment by both Qwest and U S WEST in their shared goal of bringing advanced services to the public over the new technologies in which they are expert. Qwest's willingness to undertake the fundamental step of divestiture underscores the confidence of itself and U S WEST that they are creating a strong new company better able to serve the public in a competitive market. This merger has no adverse competitive consequences, and will create major public interest benefits. It should be approved quickly so that those benefits can take effect as soon as possible.

The Commission has adopted a general analytical framework for assessing whether, in the context of a merger, the transfer of control of Commission licenses and authorizations would serve the public interest, convenience and necessity. The Commission examines competitive effects of the merger in relevant markets arising from horizontal and vertical aspects of the combination. The Commission weighs any potential competitive harms against the likely benefits. 12/

In this case the Commission's task is made simple by the minimal overlap between the services offered by Qwest and those offered by U S WEST. The merger's horizontal aspects present no material adverse effects. As discussed above, the two firms are in complementary businesses. Qwest primarily operates as an interLATA service provider. This is a market that is foreclosed to U S WEST within its 14 state region. Qwest is not a competitively significant participant in any other in-region service market. Outside the region, U S WEST is not a major participant, many other service providers are active, and both U S WEST and Qwest are considered non-dominant carriers. 13/ The Commission routinely approves the merger of two non-dominant carriers and should do the same here.

Similarly, the vertical aspects of the merger present no threat to competition. It is correct that today U S WEST is a provider of interexchange

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12/ *See, e.g., Applications of Tele-Communications, Inc., Transferor, and AT&T Corp., Transferee,* FCC 99-24, paras. 15-17 (rel. Feb. 18, 1999); *Applications of Teleport Communications Group, Inc., Transferor, and AT&T Corp., Transferee,* 13 FCC Rcd 15236, 15246 (1998).

13/ *Regulatory Treatment of LEC Provision of Interexchange Services Originating in the LEC's Local Exchange Area; Policy and Rules Concerning the Interstate, Interexchange Marketplace, Second Report and Order in CC Docket No. 96-149 and Third Report and Order in CC Docket No. 96-61,* 12 FCC Rcd 15756 (1997); *Order on Reconsideration,* 12 FCC Rcd 8730 (1997); *Order,* 13 FCC Rcd 6427 (1998); *Second Order on Reconsideration,* FCC 99-103 (rel. June 30, 1999).

access services to Qwest in its region. But that activity will largely disappear, pending Section 271 approval, as a consequence of Qwest's divestiture of its in-region interLATA business. Pre-271 approval, therefore, the merged company will not be a provider of inputs to its own interLATA services. (The company may continue to provide access for its own intraLATA services, just as U S WEST does today, subject to appropriate regulatory safeguards.) Following Section 271 approval, the merged company may provide access for its own interLATA services in-region -- but Section 271 approval will be granted only when the Commission determines that the local market is open. Vertical integration by BOCS following Section 271 approval is precisely what Congress envisioned, and indeed it is the "carrot" that Section 271 offers BOCs for opening local markets. In any event, the merged company will continue to be subject to a variety of Federal and state policies and rules that safeguard against anticompetitive behavior.

Finally, for the reasons discussed above, the merger of Qwest and U S WEST will have strong public interest benefits. It will permit these two companies to combine their resources and expertise to accelerate the rollout of advanced broadband services. It will create a new company better situated to compete against the ILEC-ILEC and AT&T-cable combinations already in place and proposing to grow larger. And it will result in heightened incentives for the company to satisfy Section 271 in the 14 U S WEST states, and to promote local exchange competition at the national level. In short, prompt approval of this merger is required under Sections 214(a) and 310(d) of the Act, and is fully consistent with the public interest.

VI. CONCLUSION

The proposed transaction will increase competition and provide new and enhanced telecommunications services locally, nationally, and around the world. Accordingly, Qwest and U S WEST respectfully request that the Commission expeditiously grant the instant Applications.

Respectfully submitted,

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